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STATE OF MICHIGAN
DEPARTMENT OF INFORMATION TECHNOLOGY
LANSING



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DIRECTOR

TO: DIT Employees
FROM: Teri Takai
SUBJECT: Department Budget Reductions
DATE: February 2, 2005

As you all know, the State of Michigan continues to face tough economic times. Each department is working closely with the State Budget Office to identify savings and reductions in an effort to meet the 2005 budget shortfall. The news for 2006 doesn't look much better, as the forecast projects another large shortfall for next fiscal year.

As part of the effort to resolve this year's budget deficit, our department is required to find more than \$4.5 million in general fund savings. We intend to find the savings in four ways:

1. Securing rate reductions in our IT contracts with vendors
2. Reducing the enterprise administration costs of the department
3. Reducing the rates and securing credits for telecommunications
4. Reducing the rates for data center operations

In light of the recent Executive Directive requiring departments to find all possible efficiencies and economies when making spending decisions, DIT will also be working with the agencies to scrutinize purchases made through the Michigan Master Computing Contract (MMCC).

While each of these reductions has consequences for our department and our client agencies, the reduction that will most directly impact you as an employee of the department is our reduction in administration costs. Our intent is to find \$971,100 in general fund savings in this area, which will directly impact training. Employee Services Division will be working with each division to preserve as many training dollars as possible. Our goal is to preserve one-third of the original monies earmarked for employee training. However, we will need to work with each division to analyze their budget and current expenditures. Although managers will need to make difficult choices about spending their scarce training dollars, individual development plans will still be completed for every employee, making even greater use of the low-cost and free training opportunities that are available.

We have worked very hard to develop a reduction plan that creates as little hardship as possible for our employees. While these budget times remain challenging, I remain proud of the service that each of you continue to provide every day. Thank you for your continued dedication and commitment to serving our clients and the citizens of our great state.